

Wm

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

DOCKETED

RECEIVED

JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MARC SPITZER  
MIKE GLEASON  
KRISTIN K. MAYES

MAR - 9 2005

MAR 10 2005

DOCKETED BY

me

AZ Corporation Commission  
Director Of Utilities

IN THE MATTER OF THE APPLICATION OF  
PICACHO WATER COMPANY FOR AN  
EXTENSION OF ITS CERTIFICATE OF  
CONVENIENCE AND NECESSITY TO PROVIDE  
WATER SERVICE IN PINAL COUNTY,  
ARIZONA.

DOCKET NO. W-03528A-04-0641

IN THE MATTER OF THE APPLICATION OF  
PICACHO SEWER COMPANY FOR AN  
EXTENSION OF ITS CERTIFICATE OF  
CONVENIENCE AND NECESSITY TO PROVIDE  
SEWER SERVICE IN PINAL COUNTY,  
ARIZONA.

DOCKET NO. SW-03709A-04-0642

DECISION NO. 67670

**OPINION AND ORDER**

DATE OF HEARING:

January 19, 2005

PLACE OF HEARING:

Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE:

Teena Wolfe

APPEARANCES:

Mr. Jim Poulos, Vice President and General  
Manager, on behalf of Picacho Water Company  
and Picacho Sewer Company; and

Ms. Lisa A. Vandenberg, Staff Attorney, Legal  
Division, on behalf of the Utilities Division of  
the Arizona Corporation Commission.

**BY THE COMMISSION:**

On September 2, 2004, Picacho Water Company ("PWC") and Picacho Sewer Company ("PSC") each filed with the Arizona Corporation Commission ("Commission") an application to extend the territory under their existing Certificates of Convenience and Necessity ("CC&Ns").

On November 1, 2004, the Commission's Utilities Division ("Staff") filed letters in each docket indicating that both the above-captioned applications were sufficient.

On November 9, 2004, by Procedural Order, these matters were consolidated for purposes of hearing, and a hearing was scheduled for January 19, 2005.

1 On November 30, 2004, PWC and PSC filed certification that they provided notice of the  
2 applications and hearing in accordance with the Commission's Procedural Order.

3 Also on November 30, 2004, PWC and PSC filed amendments to their CC&N extension  
4 applications. The amendments eliminated an area consisting of 563 acres from both PWC's and  
5 PSC's extension requests.

6 On December 30, 2004, Staff filed its Staff Report on the applications.

7 On January 13, 2005, PWC and PSC jointly filed the direct testimony of Jim Poulos in  
8 response to the Staff Report.

9 On January 19, 2005, a full public hearing was convened before a duly authorized  
10 Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. PWC's and PSC's  
11 Vice President and General Manager appeared on their behalf and Staff appeared with counsel. At  
12 the conclusion of the hearing, the matter was taken under advisement pending submission of a  
13 Recommended Opinion and Order to the Commission.

14 \* \* \* \* \*

15 Having considered the entire record herein and being fully advised in the premises, the  
16 Commission finds, concludes, and orders that:

17 **FINDINGS OF FACT**

18 1. PWC is an Arizona corporation that was granted authority by the Commission in  
19 Decision No. 61266 (November 25, 1998) to provide water utility service to a 3,000 acre age-  
20 restricted master planned development called Robson Ranch located south of Casa Grande near I-10  
21 and Toltec Road in Pinal County, Arizona.

22 2. PSC is an Arizona corporation that was granted authority by the Commission in  
23 Decision No. 61994 (October 9, 1999) to provide sewer utility service to the same area granted to  
24 PWC in Decision No. 61266.

25 3. PWC and PSC are affiliated with Robson Communities, Inc. ("Robson"), a developer  
26 of master-planned communities in Arizona and in Texas. In association with some of its Arizona  
27 developments, Robson Communities has formed and operates Pima Water Company, Pima Sewer  
28 Company, Ridgeview Utility Company, Lago Del Oro Water Company, Saddlebrooke Utility

1 Company, and Quail Creek Water Company, which companies together provide utility services to  
2 approximately 40,000 customers in the State of Arizona.

3 4. On September 2, 2004, PWC and PSC filed applications for extension of their  
4 CC&Ns.

5 5. On November 20, 2004, PWC and PSC each filed amendments to their respective  
6 applications eliminating a portion of their requested extension areas. PWC's resulting requested  
7 extension area is set forth in Exhibit A, attached hereto and incorporated herein by reference, and  
8 PSC's resulting requested extension area is set forth in Exhibit B, attached hereto and incorporated  
9 herein by reference.

10 6. Notice of the applications was provided in accordance with the law.

11 7. On December 30, 2004, Staff filed its Staff Report recommending conditional  
12 approval of the applications following a hearing.

13 8. PWC and PSC are not currently providing service, but anticipate serving their first  
14 permanent customers in their currently certificated territories in the first part of 2006.

15 9. Robson is now planning to develop an additional project called EJ Ranch in an area  
16 adjacent to Robson Ranch. EJ Ranch is being planned as a non age-restricted residential  
17 development of approximately 8,000 homes. The owners of the property on which EJ Ranch will  
18 be developed have requested service from PWC and PSC. PWC and PSC's witness stated that the  
19 companies anticipate providing service to the EJ Ranch area sometime in 2007.

20 10. The PWC water system currently consists of two equipped wells with a combined  
21 capacity of 4,300 gallons/minute, a 1,000,000 gallon storage tank and a pumping station. In  
22 addition, PWC has 13 un-equipped wells that can provide a minimum of 1,000 gallons/minute each,  
23 for total production capacity of at least 17,300 gallons/minute. Staff estimated the demand for the  
24 existing and proposed CC&N territory at build out, and determined that PWC's total production  
25 capacity exceeds the projected demand.

26 11. PWC's two equipped wells have arsenic levels of 3 milligrams per liter ("µg/l") and  
27 17 µg/l. PWC has prepared an arsenic blending plan for these wells that will result in the blended  
28 water meeting the United States Environmental Protection Agency's ("EPA's") new Maximum

1 Contaminant Level ("MCL") of 10 µg/l for arsenic.

2 12. At this time, PWC anticipates that in the event its additional wells are high in arsenic  
3 and if it cannot meet the EPA's new MCL by blending from those wells, it will utilize a granular  
4 ferric hydroxide adsorption process for arsenic removal.

5 13. Staff concluded that PWC can develop and construct adequate water storage and  
6 production to serve its anticipated customer base, and can treat and provide water that will meet the  
7 water quality standards required by Title 18, Chapter 4 of the Arizona Administrative Code.

8 14. The PSC sewer treatment system currently consists of a 250,000 gallon per day  
9 sequencing batch reactor facility. PSC holds a Reuse Permit, an Aquifer Protection Permit, and has  
10 an approved Central Arizona Association of Governments ("CAAG") § 208 management plan. This  
11 original CAAG plan provides for an ultimate wastewater treatment plant capacity of 1.25 million  
12 gallons per day ("MGD").

13 15. Based on the addition of the EJ Ranch to its service territory, PSC plans to expand  
14 the existing treatment facility in three additional phases, up to a 4.5 MGD capacity. PSC believes  
15 that due to the topography of the additional EJ Ranch service territory, it will probably be  
16 economically justifiable to relocate the facility to optimize sewage collecting and pumping costs.  
17 PSC plans to relocate the facility by its second expansion phase.

18 16. PSC provided Staff with a draft copy of the amendment to its Central Arizona  
19 Association of Governments ("CAAG") § 208 management plan. Staff evaluated PSC's wastewater  
20 planning and design documents and concluded that PSC can design and construct adequate  
21 wastewater collection, treatment and disposal facilities to serve the projected customer base.

22 17. PWC and PSC anticipate internally financing the water and sewer facilities necessary  
23 to serve the proposed extension areas with a combination of equity and debt, and may seek authority  
24 for long-term capitalization subsequent to start-up of operations.

25 18. No other municipal or public service corporations provide water or sewer service in  
26 the proposed service areas described in Exhibits A and B.

27 19. There is a public need and necessity for water and sewer service to the requested  
28 extension areas.

1           20.     PWC is located within the Pinal Active Management Area ("AMA").

2           21.     Robson, the developer of Robson Ranch, currently holds a Certificate of Assured  
3 Water Supply ("CAWS") issued by the Arizona Department of Water Resources ("ADWR").

4           22.     Because PWC and PSC are not yet operational, no historical compliance data is  
5 available from the Arizona Department of Environmental Quality ("ADEQ").

6           23.     PWC and PSC have no outstanding compliance issues with the Commission.

7           24.     PWC and PSC have requested a Pinal County franchise for the proposed extension  
8 areas. Staff recommends that PWC and PSC be required to file with the Commission copies of the  
9 Pinal County franchises within 365 days of this Decision.

10          25.     Staff recommends that PWC and PSC be required to charge their authorized rates and  
11 charges in the authorized extension areas.

12          26.     Staff recommends that the Commission approve PWC's application subject to  
13 compliance with the following conditions, and that this Decision be considered null and void without  
14 further Order should PWC fail to meet the conditions within the time specified:

- 15                 • that PWC file with Docket Control a backflow prevention tariff and a  
16                     curtailment tariff within 60 days of any decision in this matter;
- 17                 • that PWC file with Docket Control a copy of the ADEQ Approval to Construct  
18                     within 12 months of any decision in this matter;
- 19                 • that PWC file with Docket Control a report on the arsenic levels of the  
20                     production wells and associated treatment within 365 days of any decision in  
21                     this matter; and
- 22                 • that PWC notify the Compliance Manager of the Commission's Utilities  
23                     Division 30 days prior to initiating service to customers in the proposed service  
24                     area.

25          27.     Staff recommends that the Commission approve PSC's application subject to  
26 compliance with the following conditions, and that this Decision be considered null and void without  
27 further Order should PSC fail to meet the conditions within the time specified:

- 28                 • that PSC file with Docket Control a copy of the CAAG § 208 Plan  
                    Amendment approval relating to this CC&N extension within 365 days from  
                    the effective date of the final decision in this matter;

- that PSC file with Docket Control a copy of the ADEQ Aquifer Protection Permit with 24 months of any decision in this matter; and
- that PSC notify the Compliance Manager of the Commission's Utilities Division 30 days prior to initiating service to customers in the proposed service area.

28. In the Clarifications to Staff Report PWC and PSC filed on January 13, 2005, PWC and PSC stated that the developer in the proposed extension area will be obtaining a CAWS, and that PWC's CC&N extension should therefore be conditioned on PWC filing a CAWS, not a Designation of Assured Water Supply. Staff did not object.

29. In the Clarifications to Staff Report that PWC and PSC filed on January 13, 2005, PWC requested that it be allowed an additional year beyond Staff's recommended 12 months to file the ADEQ Approval to Construct, and an additional year beyond Staff's recommended two years to file a copy of the developer's CAWS. PSC requested that it be allowed an additional year beyond the 24 months recommended by Staff to file a copy of its ADEQ Aquifer Protection Permit. PWC and PSC stated that they are requesting the additional time for compliance due the time it will take them to receive Planned Area Development approval from Pinal County, which is a necessary step prior to the developer applying for the CAWS from ADWR and PSC applying to ADEQ for the Aquifer Protection Permit.

30. At the hearing, Staff's witness stated that Staff believes that two years is appropriate for this case, but that Staff would be willing to consider extensions in the future if unforeseen circumstances cause a delay in PWC or PSC obtaining the required documentation from ADWR or ADEQ. In the alternative, Staff recommended that if PWC or PSC are granted the requested additional year for compliance with Staff's recommendations in this Decision, that no opportunity for an extension of time for compliance should be granted.

31. According to their witness, PWC and PSC anticipate providing service to the EJ Ranch area sometime in 2007. Based on this expected timeframe for commencing the provision of service, the compliance timeframes recommended by Staff in the Staff Report are reasonable.

32. Staff's recommendations in Findings of Fact Nos. 24 through 27 are reasonable, but in lieu of the recommended condition in Findings of Fact No. 26 that PWC file a copy of its amended or

1 updated Designation of Assured Water Supply within two years of any decision in this matter, we  
2 will require that PWC instead file a copy of the developer's CAWS within two years of this Decision.

3 **CONCLUSIONS OF LAW**

4 1. PWC and PSC are public service corporations within the meaning of Article XV of the  
5 Arizona Constitution and A.R.S. §§ 40-281, 40-282 and 40-252.

6 2. The Commission has jurisdiction over PWC and PSC and the subject matter of the  
7 applications.

8 3. Notice of the applications was provided in accordance with the law.

9 4. There is a public need and necessity for water utility service in the proposed service  
10 area described in Exhibit A.

11 5. There is a public need and necessity for sewer utility service in the proposed service  
12 area described in Exhibit B.

13 6. PWC and PSC are fit and proper entities to receive extensions of the service territory  
14 under their CC&Ns.

15 7. Approval of the requested extensions to PWC's and PSC's service territories as  
16 described in Exhibits A and B is in the public interest, subject to PWC's and PSC's compliance with  
17 the Staff recommendations set forth in Findings of Fact Nos. 24 through 27, as modified by Findings  
18 of Fact No. 32, above.

19 8. The application to extend PWC's service territory under its CC&N to include the area  
20 described in Exhibit A should be granted subject to the conditions set forth in Findings of Fact No.  
21 26, as modified by Findings of Fact No. 32, above.

22 9. The application to extend PSC's service territory under its CC&N to include the area  
23 described in Exhibit B should be granted subject to the conditions set forth in Findings of Fact No. 27  
24 above.

25 **ORDER**

26 IT IS THEREFORE ORDERED that the application of Picacho Water Company to extend the  
27 service territory under its existing Certificate of Convenience and Necessity to include the area  
28 described in Exhibit A is hereby granted, conditioned upon its timely compliance with the conditions

1 set forth in Findings of Fact No. 26, as modified by Findings of Fact No. 32, hereinabove.

2 IT IS FURTHER ORDERED that the application of Picacho Sewer Company to extend the  
3 service territory under its existing Certificate of Convenience and Necessity to include the area  
4 described in Exhibit B is hereby granted, conditioned upon its timely compliance with the conditions  
5 set forth in Findings of Fact No. 27 hereinabove.

6 IT IS FURTHER ORDERED that Picacho Water Company shall charge its authorized rates  
7 and charges in the extension area.

8 IT IS FURTHER ORDERED that Picacho Sewer Company shall charge its authorized rates  
9 and charges in the extension area.

10 IT IS FURTHER ORDERED that Picacho Water Company shall file with the Commission's  
11 Docket Control copies of its Pinal County franchise within 365 days of this Decision.

12 IT IS FURTHER ORDERED that Picacho Sewer Company file with the Commission's  
13 Docket Control copies of its Pinal County franchise within 365 days of this Decision.

14 ...

15 ...

16 ...

17 ...

18 ...

19 ...

20 ...

21 ...

22 ...

23 ...

24 ...

25 ...

26 ...


27 ...

28 ...

1 IT IS FURTHER ORDERED that in the event either Picacho Water Company or Picacho  
2 Sewer Company requests an extension of time to make any of the compliance filings ordered herein,  
3 the Commission's Utilities Division Staff shall docket a formal response to such request within thirty  
4 days of the request.

5 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

6 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

7  
8   
9 CHAIRMAN

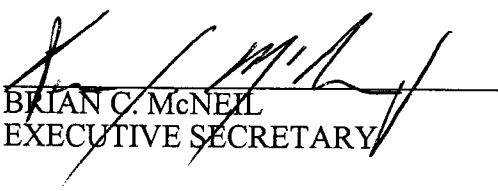
  
COMMISSIONER

  
COMMISSIONER

10  
11  
12   
COMMISSIONER

  
COMMISSIONER

13  
14 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
15 Secretary of the Arizona Corporation Commission, have  
16 hereunto set my hand and caused the official seal of the  
Commission to be affixed at the Capitol, in the City of Phoenix,  
this 9<sup>th</sup> day of March, 2005.

17  
18   
19 BRIAN C. McNEIL  
20 EXECUTIVE SECRETARY

21 DISSENT \_\_\_\_\_

22  
23 DISSENT \_\_\_\_\_

24 TW:mj

1 SERVICE LIST FOR:

PICACHO WATER COMPANY AND PICACHO  
SEWER COMPANY

2  
3 DOCKET NOS.

W-03528A-04-0641 AND SW-03709A-04-0642

4 Jim Poulos  
5 Picacho Water Company  
6 Picacho Sewer Company  
7 9532 East Riggs Road  
8 Sun Lakes, AZ 85016

9 Christopher Kempley, Chief Counsel  
10 Legal Division  
11 ARIZONA CORPORATION COMMISSION  
12 1200 West Washington Street  
13 Phoenix, AZ 85007

14 Ernest G. Johnson, Director  
15 Utilities Division  
16 ARIZONA CORPORATION COMMISSION  
17 1200 West Washington Street  
18 Phoenix, AZ 85007  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Legal Description

Robson Ranch Casa Grande  
81-Acre Addition

August 31, 2004

A Parcel of land located in Section 3, T.7S., R.7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows;

COMMENCING at the Northwest Corner of said Section 3;

THENCE along the North line of said Section 3, N89°46'32"E, a distance of 1324.88 feet to the POINT OF BEGINNING;

THENCE S00°05'32"W, a distance of 2657.36 feet to the Southwest corner of this parcel;

THENCE N89°34'55"E, a distance of 1334.62 feet to the Southeast corner of this parcel;

THENCE N00°06'38"W, a distance of 2652.78 feet to the North Quarter Corner of said Section 3, also being the Northeast corner of this parcel;

THENCE along the North line of said Section 3, S89°46'32"W, a distance of 1325.21 to the POINT OF BEGINNING.

The above described parcel contains 3,530,926 square feet or 81.06 acres, more or less.



Legal Description

Proposed Addition to Picacho Water Company  
(Dermer Parcel)

August 30, 2004

A parcel of land located in Sections 27, 28, 32, 33, and 34, T.6S., R7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the South Quarter Corner of said Section 32;

THENCE along the North-South Midsection Line of said Section 32, N00°03'00"E, a distance of 2,644.70 feet to the Center Quarter Corner of said Section 32;

THENCE continuing along said North-South Midsection line N00°03'00"E, a distance of 2,660.15 feet to the North Quarter Corner of said Section 32;

THENCE along the North line of said Section 32, S89°54'24"E, a distance of 2,647.58 feet to the Northeast Corner of said Section 32;

THENCE along the East line of said Section 32, S00°03'34"E, a distance of 2,658.61 feet to the East Quarter Corner of said Section 32;

THENCE continuing along said East line, S00°03'11"E, a distance of 1,326.56 feet to the Northwest Corner of the South half of the Southwest Quarter of said Section 33;

THENCE along the North line of said South half, N89°52'39"E, a distance of 2,665.80 feet to the North-South Midsection line of said Section 33;

THENCE along said North-South Midsection line, N00°06'24"E, a distance of 1,331.08 feet to the Center Quarter of said Section 33;

THENCE along the East-West Midsection Line of said Section 33, N89°46'50"E, a distance of 2,666.00 feet to the East Quarter Corner of said Section 33;

THENCE along the East line of said Section 33, N00°06'56"E, a distance of 1,335.46 feet to the Southeast Corner of the Northeast Quarter of the Northeast Quarter of said Section 33;

THENCE S89°42'40"W, a distance of 1,333.11 feet to the Northeast Corner of the Southwest Quarter of the Northeast Quarter of said Section 33;

THENCE N00°06'40"E, a distance of 1,333.85 feet to the Southwest Corner of the East One Half of the Southeast Quarter of said Section 28;

Legal DescriptionProposed Addition to Picacho Water Company  
(Dermer Parcel) (Cont.)

August 30, 2004

THENCE along the South line of said Section 28, S89°38'30"W, a distance of 1,333.23 feet to the South Quarter Corner of said Section 28;

THENCE along the North-South Midsection Line of said Section 28, N00°34'17"E, a distance of 2,663.48 feet to the Center Quarter Corner of said Section 28;

THENCE continuing along said North-South Midsection line, N00°34'17"E, a distance of 2,680.43 feet to the North Quarter Corner of said Section 28;

THENCE along the North line of said Section 28, S89°41'26"E, a distance of 2,647.59 feet to the Northwest Corner of said Section 27;

THENCE along the North line of said Section 27, N89°45'38"E, a distance of 2,653.73 feet to the North Quarter Corner of said Section 27;

THENCE along the North-South Midsection line, S00°19'09"W, a distance of 2,661.46 feet to the Center Quarter Corner of said Section 27;

THENCE continuing along the North-South Midsection Line of said Section 27, S00°19'09"W, a distance of 2,661.61 feet to the South Quarter Corner of said Section 27;

THENCE along the North-South Midsection Line of said Section 34, S00°12'07"W, a distance of 1,778.63 feet to the southeasterly line of the Florence-Casa Grande Canal, per A.L.T.A. Survey created by B & R Engineering, Inc., Project #919500, Casa Grande 1800 Acres, as evidenced by the southeasterly edge of the southerly dirt access road that abuts said Canal;

THENCE along said Southeasterly line, N40°11'45"E, a distance of 1,111.79 feet to the beginning of a tangent curve, concave to the southeast, having a radius of 285.00 feet;

THENCE northeasterly along the said curve, through a central angle of 45°44'36", an arc distance of 227.54 feet;

THENCE N85°56'21"E, a distance of 100.95 feet;

THENCE N88°25'57"E, a distance of 988.19 feet to the beginning of a tangent curve, concave to the northwest, having a radius of 344.00 feet;

THENCE northeasterly along the said curve, through a central angle of 51°58'23", an arc distance of 312.04 feet;

THENCE N36°27'34"E, a distance of 75.32 feet to the beginning of a tangent curve, concave to the northwest, having a radius of 520.00 feet;

THENCE northeasterly along the said curve, through a central angle of 23°44'47", an arc distance of 215.51 feet;

Legal DescriptionProposed Addition to Picacho Water Company  
(Dermer Parcel) (Cont.)

August 30, 2004

THENCE N12°42'47"E, a distance of 411.06 feet to the North line of said Section 34;

THENCE along said North line N89°59'00"E, a distance of 169.65 feet to the Northeast Corner of said Section 34;

THENCE along the East line of said Section 34, S00°17'19"W, a distance of 2,660.13 feet to the East Quarter of said Section 34;

THENCE continuing along the East line, S00°17'57"W, a distance of 2,663.47 feet to the Southeast Corner of said Section 34;

THENCE along the South line of said Section 34, S89°47'33"W, a distance of 2,649.98 feet to the South Quarter Corner of said Section 34;

THENCE continuing along said South line S89°46'32"W, a distance of 2,650.08 feet to the Southeast Corner of said Section 33;

THENCE along the South line of said Section 33, S89°58'18"W, a distance of 2,665.94 feet to the South Quarter Corner of said Section 33;

THENCE continuing along said South line, S89°58'28"W, a distance of 2,662.09 feet to the Southeast Corner of said Section 32;

THENCE along the South line of said Section 32, N89°45'32"W, a distance of 2,657.45 feet to the POINT OF BEGINNING.

EXCEPTING THEREFROM, that portion of the above described parcel lying in Sections 27 and 28, T6S, R7E.

The above-described parcel contains 52,787,082 square feet or 1,205.37 acres, more or less.



Legal Description

Robson Ranch Casa Grande  
81-Acre Addition

August 31, 2004

A Parcel of land located in Section 3, T.7S., R.7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows;

COMMENCING at the Northwest Corner of said Section 3;

THENCE along the North line of said Section 3, N89°46'32"E, a distance of 1324.88 feet to the POINT OF BEGINNING;

THENCE S00°05'32"W, a distance of 2657.36 feet to the Southwest corner of this parcel;

THENCE N89°34'55"E, a distance of 1334.62 feet to the Southeast corner of this parcel;

THENCE N00°06'38"W, a distance of 2652.78 feet to the North Quarter Corner of said Section 3, also being the Northeast corner of this parcel;

THENCE along the North line of said Section 3, S89°46'32"W, a distance of 1325.21 to the POINT OF BEGINNING.

The above described parcel contains 3,530,926 square feet or 81.06 acres, more or less.



Legal Description

Proposed Addition to Picacho Sewer Company  
(Dermer Parcel)

August 30, 2004

A parcel of land located in Sections 27, 28, 32, 33, and 34, T.6S., R7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the South Quarter Corner of said Section 32;

THENCE along the North-South Midsection Line of said Section 32, N00°03'00"E, a distance of 2,644.70 feet to the Center Quarter Corner of said Section 32;

THENCE continuing along said North-South Midsection line N00°03'00"E, a distance of 2,660.15 feet to the North Quarter Corner of said Section 32;

THENCE along the North line of said Section 32, S89°54'24"E, a distance of 2,647.58 feet to the Northeast Corner of said Section 32;

THENCE along the East line of said Section 32, S00°03'34"E, a distance of 2,658.61 feet to the East Quarter Corner of said Section 32;

THENCE continuing along said East line, S00°03'11"E, a distance of 1,326.56 feet to the Northwest Corner of the South half of the Southwest Quarter of said Section 33;

THENCE along the North line of said South half, N89°52'39"E, a distance of 2,665.80 feet to the North-South Midsection line of said Section 33;

THENCE along said North-South Midsection line, N00°06'24"E, a distance of 1,331.08 feet to the Center Quarter of said Section 33;

THENCE along the East-West Midsection Line of said Section 33, N89°46'50"E, a distance of 2,666.00 feet to the East Quarter Corner of said Section 33;

THENCE along the East line of said Section 33, N00°06'56"E, a distance of 1,335.46 feet to the Southeast Corner of the Northeast Quarter of the Northeast Quarter of said Section 33;

THENCE S89°42'40"W, a distance of 1,333.11 feet to the Northeast Corner of the Southwest Quarter of the Northeast Quarter of said Section 33;

Legal DescriptionProposed Addition to Picacho Sewer Company  
(Dermer Parcel) (Cont.)

August 30, 2004

THENCE N00°06'40"E, a distance of 1,333.85 feet to the Southwest Corner of the East One Half of the Southeast Quarter of said Section 28;

THENCE along the South line of said Section 28, S89°38'30"W, a distance of 1,333.23 feet to the South Quarter Corner of said Section 28;

THENCE along the North-South Midsection Line of said Section 28, N00°34'17"E, a distance of 2,663.48 feet to the Center Quarter Corner of said Section 28;

THENCE continuing along said North-South Midsection line, N00°34'17"E, a distance of 2,680.43 feet to the North Quarter Corner of said Section 28;

THENCE along the North line of said Section 28, S89°41'26"E, a distance of 2,647.59 feet to the Northwest Corner of said Section 27;

THENCE along the North line of said Section 27, N89°45'38"E, a distance of 2,653.73 feet to the North Quarter Corner of said Section 27;

THENCE along the North-South Midsection line, S00°19'09"W, a distance of 2,661.46 feet to the Center Quarter Corner of said Section 27;

THENCE continuing along the North-South Midsection Line of said Section 27, S00°19'09"W, a distance of 2,661.61 feet to the South Quarter Corner of said Section 27;

THENCE along the North-South Midsection Line of said Section 34, S00°12'07"W, a distance of 1,778.63 feet to the southeasterly line of the Florence-Casa Grande Canal, per A.L.T.A. Survey created by B & R Engineering, Inc., Project #919500, Casa Grande 1800 Acres, as evidenced by the southeasterly edge of the southerly dirt access road that abuts said Canal;

THENCE along said Southeasterly line, N40°11'45"E, a distance of 1,111.79 feet to the beginning of a tangent curve, concave to the southeast, having a radius of 285.00 feet;

THENCE northeasterly along the said curve, through a central angle of 45°44'36", an arc distance of 227.54 feet;

THENCE N85°56'21"E, a distance of 100.95 feet;

THENCE N88°25'57"E, a distance of 988.19 feet to the beginning of a tangent curve, concave to the northwest, having a radius of 344.00 feet;

THENCE northeasterly along the said curve, through a central angle of 51°58'23", an arc distance of 312.04 feet;

THENCE N36°27'34"E, a distance of 75.32 feet to the beginning of a tangent curve, concave to

Legal DescriptionProposed Addition to Picacho Sewer Company  
(Dermer Parcel) (Cont.)

August 30, 2004

the northwest, having a radius of 520.00 feet;

THENCE northeasterly along the said curve, through a central angle of 23°44'47", an arc distance of 215.51 feet;

THENCE N12°42'47"E, a distance of 411.06 feet to the North line of said Section 34;

THENCE along said North line N89°59'00"E, a distance of 169.65 feet to the Northeast Corner of said Section 34;

THENCE along the East line of said Section 34, S00°17'19"W, a distance of 2,660.13 feet to the East Quarter of said Section 34;

THENCE continuing along the East line, S00°17'57"W, a distance of 2,663.47 feet to the Southeast Corner of said Section 34;

THENCE along the South line of said Section 34, S89°47'33"W, a distance of 2,649.98 feet to the South Quarter Corner of said Section 34;

THENCE continuing along said South line S89°46'32"W, a distance of 2,650.08 feet to the Southeast Corner of said Section 33;

THENCE along the South line of said Section 33, S89°58'18"W, a distance of 2,665.94 feet to the South Quarter Corner of said Section 33;

THENCE continuing along said South line, S89°58'28"W, a distance of 2,662.09 feet to the Southeast Corner of said Section 32;

THENCE along the South line of said Section 32, N89°45'32"W, a distance of 2,657.45 feet to the POINT OF BEGINNING.

The above-described parcel contains 80,787,082 square feet or 1,854.61 acres, more or less.



Legal Description

Madison Diversified

August 30, 2004

A parcel of land located in Sections 26 and 27, T.6S., R7E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the North Quarter Corner of said Section 27;

THENCE along the North line of said Section 27, N89°45'14"E, a distance of 2,655.73 feet to the Northwest Corner of said Section 26;

THENCE along the North line of said Section 26, N89°50'59"E, a distance of 2,655.02 feet to the North Quarter Corner of said Section 26;

THENCE along the North-South Midsection Line of said Section 26, S00°17'26"W, a distance of 2,675.42 feet to the Center of said Section 26;

THENCE along the East-West Midsection Line of said Section 26, N89°57'54"W, a distance of 2,654.88 feet to the West Quarter Corner of said Section 26;

THENCE along the East-West Midsection Line of said Section 27, S89°52'13"W, a distance of 2,657.09 feet to the Center of said Section 27;

THENCE along the North-South Midsection Line of said Section 27, N00°19'09"E, a distance of 2,661.46 feet to the POINT OF BEGINNING.

The above-described parcel contains 14,168,341.91 square feet or 325.26 acres, more or less.

